

HOUSE BILL No. 1336

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-8-5.9; IC 27-13-36.3.

Synopsis: Assignment of benefits. Specifies requirements concerning health benefit payments under an assignment of benefits.

Effective: July 1, 2007.

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January 16, 2007, read first time and referred to Committee on Insurance.

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1336

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-8-5.9 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]:

4 **Chapter 5.9. Assignment of Benefits**

5 **Sec. 1. As used in this chapter, "assignment of benefits" means**
6 **a written instrument that:**

7 (1) **is executed by a covered individual or the authorized**
8 **representative of a covered individual; and**

9 (2) **assigns to a treating health care provider the covered**
10 **individual's right to receive reimbursement for health care**
11 **services provided to the covered individual.**

12 **Sec. 2. As used in this chapter, "covered individual" means an**
13 **individual entitled to benefits under a policy.**

14 **Sec. 3. As used in this chapter, "insurer" includes the following:**

15 (1) **An insurer that issues a policy.**

16 (2) **An administrator licensed under IC 27-1-25 that pays or**
17 **administers claims for benefits under a policy.**

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1 **Sec. 4.** As used in this chapter, "policy" refers to a policy of
 2 accident and sickness insurance (as defined in IC 27-8-5-1).

3 **Sec. 5.** (a) Except as provided in subsection (b), if:

4 (1) a policy provides coverage for a health care service;

5 (2) the health care service is provided by a provider that has
 6 not entered into an agreement with the insurer under
 7 IC 27-8-11-3; and

8 (3) the provider described in subdivision (2):

9 (A) has an assignment of benefits from a covered
 10 individual to whom the health care service is provided; and

11 (B) provides written or electronic notification to the
 12 insurer that the provider:

13 (i) has provided the health care service to the covered
 14 individual; and

15 (ii) has the assignment of benefits;

16 the insurer shall make a benefit payment directly to the provider
 17 for the health care service and send written notice of the payment
 18 to the covered individual or the authorized representative of the
 19 covered individual.

20 (b) An insurer is not required to make a benefit payment
 21 directly to a provider described in subsection (a)(2) if the provider
 22 has been charged with or convicted of fraud.

23 (c) This section does not require coverage for benefits not
 24 covered under the terms of the policy.

25 **Sec. 6.** An insurer that does not comply with this chapter shall
 26 pay seven percent (7%) interest, compounded daily, accruing from
 27 the day after the benefit payment was due, on all amounts that are
 28 unpaid thirty (30) days after the insurer receives all documentation
 29 reasonably necessary to determine claim payment.

30 **Sec. 7.** If:

31 (1) a provider has an assignment of benefits from a covered
 32 individual;

33 (2) the provider gives notice of the assignment of benefits
 34 under section 5 of this chapter to the insurer required to
 35 provide benefits to the covered individual under a policy;

36 (3) the provider provides health care services to the covered
 37 individual;

38 (4) the insurer makes a benefit payment for the health care
 39 services referred to in subdivision (3) not directly to the
 40 provider but directly to the covered individual or the
 41 authorized representative of the covered individual; and

42 (5) the provider notifies the insurer that the provider has not

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received the benefit payment to which the provider was entitled for the health care services referred to in subdivision (3);
the insurer, not more than thirty (30) days after receiving notice from the provider under subdivision (5) of the misdirected benefit payment, shall make the benefit payment directly to the provider.

Sec. 8. If:

- (1) a provider has an assignment of benefits from a covered individual;
- (2) the provider gives notice of the assignment of benefits under section 5 of this chapter to the insurer required to provide benefits to the covered individual under a policy;
- (3) the provider provides health care services to the covered individual; and
- (4) there is a good faith dispute regarding:
 - (A) the legitimacy of the claim relating to the services provided;
 - (B) the appropriate amount of reimbursement for the claim; or
 - (C) the authorization for the assignment of benefits;

the insurer, not more than fourteen (14) business days after the insurer receives the claim and all documentation reasonably necessary to determine claim payment, shall provide notice of the dispute to the provider or the provider's authorized representative.

Sec. 9. A provider, by accepting an assignment of benefits under this chapter, does not agree to accept an insurer's fee schedule or specific payment rate as payment in full, partial payment, or appropriate payment.

Sec. 10. A provision that:

- (1) is contained in an agreement between an insurer and a provider under this chapter; and
 - (2) violates this chapter;
- is void.

SECTION 2. IC 27-13-36.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 36.3. Payment to Nonparticipating Providers

Sec. 1. As used in this chapter, "health maintenance organization" includes the following:

- (1) A limited service health maintenance organization.
- (2) A person that pays or administers claims on behalf of a health maintenance organization or limited service health

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1 maintenance organization.

2 **Sec. 2. (a) Except as provided in subsection (b), if:**

3 (1) an individual contract or group contract provides
4 coverage for a health care service;

5 (2) the health care service is provided by a nonparticipating
6 provider; and

7 (3) the nonparticipating provider provides written or
8 electronic notification to the health maintenance organization
9 that the nonparticipating provider has provided the health
10 care service to an enrollee who is covered under the individual
11 contract or group contract;

12 the health maintenance organization shall make a benefit payment
13 directly to the nonparticipating provider for the health care service
14 and send written notice of the payment to the enrollee or the
15 authorized representative of the enrollee.

16 (b) A health maintenance organization is not required to make
17 a benefit payment directly to a nonparticipating provider if the
18 nonparticipating provider has been charged with or convicted of
19 fraud.

20 (c) This section does not require coverage for benefits not
21 covered under the terms of the individual contract or group
22 contract.

23 **Sec. 3. A health maintenance organization that does not make**
24 **benefit payments as required under section 2 of this chapter shall**
25 **pay seven percent (7%) interest, compounded daily, accruing from**
26 **the day after the benefit payment was due, on all amounts that are**
27 **unpaid thirty (30) days after the health maintenance organization**
28 **receives all documentation reasonably necessary to determine**
29 **claim payment.**

30 **Sec. 4. If:**

31 (1) a nonparticipating provider provides health care services
32 described in section 2 of this chapter;

33 (2) the health maintenance organization makes a benefit
34 payment for the health care services referred to in subdivision

35 (1) not directly to the nonparticipating provider but directly
36 to the enrollee or the authorized representative of the
37 enrollee; and

38 (3) the nonparticipating provider notifies the health
39 maintenance organization that the nonparticipating provider
40 has not received the benefit payment to which the
41 nonparticipating provider was entitled for the health care
42 services referred to in subdivision (1);

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1 the health maintenance organization, not more than thirty (30)
 2 days after receiving notice from the nonparticipating provider
 3 under subdivision (3) of the misdirected benefit payment, shall
 4 make the benefit payment directly to the nonparticipating
 5 provider.

6 **Sec. 5. If:**

7 (1) a nonparticipating provider provides health care services
 8 described in section 2 of this chapter; and

9 (2) there is a good faith dispute regarding:

10 (A) the legitimacy of the claim relating to the services
 11 provided;

12 (B) the appropriate amount of reimbursement for the
 13 claim; or

14 (C) the payment of the claim under the terms of the
 15 individual contract or group contract;

16 the health maintenance organization, not more than fourteen (14)
 17 business days after the health maintenance organization receives
 18 the claim and all documentation reasonably necessary to determine
 19 claim payment, shall provide notice of the dispute to the
 20 nonparticipating provider or the nonparticipating provider's
 21 authorized representative.

22 **Sec. 6.** A nonparticipating provider, by providing health care
 23 services described in section 2 of this chapter, does not agree to
 24 accept the health maintenance organization's fee schedule or
 25 specific payment rate as payment in full, partial payment, or
 26 appropriate payment.

27 **Sec. 7.** A contract provision that violates this chapter is void.

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